RICHTERSVELD MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended

30 June 2006

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 34, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 and 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

____
(Name)
Municipal Manager

____
Date

RICHTERSVELD MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended

30 June 2006

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RICHTERSVELD MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE COUNCIL:

L.R. Ambrosini (Mayor)
D. Singh
N. Hinana
C. Richter
W. Cloete
P. Sobuwa
T. Swartbooi
G. Links

GRADING OF LOCAL AUTHORITY:

Grade 2 Category B

AUDITOR:
The Auditor-General: Northern Cape

BANKERS:
First National Bank Ltd. – Port Nolloth Branch

REGISTERED OFFICE:
Civic Centre
Richtersveld Municipality
Private Bag X113
Port Nolloth
8280

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER

MAYOR REPORT

RICHTERSVELD MUNICIPALITY

CHIEF FINANCIAL OFFICER REPORT

2005/2006

1. The completion of the Annual Financial Statements were based on the Specimen guidelines provided by National Treasury, and therefore the possibility exists that the Auditor-General will in some instances differ with the format used.

2. The templates provided by National Treasury and foresee in the Specimen documents received also differ, although both came from the same office.

3. The most important factor to note, is that the Richtersveld Municipality graded as a Grade 2 (two) Medium Capacity Category B Local Authority only having to comply within the GAMAP framework and other on the 01st of July 2007 and not the 01st of July 2006.

4. Reasons for starting preparations for the Annual Financial Statements to be ready for submission in GAMAP form on the 01st of July 2006, which is a year earlier than expected is to correct any differences, which we have to comply with and did not meet.

Bearing in mind the income of the Richtersveld Municipality, no questions have to be raised about the MOST WORRYING factor, namely that we do have a serious Cashflow problem, which means that it is not possible to spend the funds budgeted for.

The year 2005/2006 an amount of R22 736 696.00 in total was budgeted for, towards an actual total expenditure for the same year of R18 128 598.00, a difference of R4 608 098.00 or 21%.

The most important section of the expenditure budget, which could not be met and which represents a great disadvantage to the ratepayers/residents is maintenance.

Employee related costs represents 30% of Council's total actual income for 2005/2006.

Debtors increased from R16 190 482.00 (2004/2005) to R18 258 278.00 (2005/2006), which represents a difference of R2 067 796.00 or 12,77%

Last but not least we will agree that although there is still room for improvement, the staff and in particular the Treasury Department of the Richtersveld Municipality, must be congratulated with the successes achieved under the most difficult circumstances.

CHIEF FINANCIAL OFFICER/TREASURER
18/8/2006

RICHTERSVELD MUNICIPALITY

ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENT

The annual financial statements have been prepared on the basis of a Specimen document provided by National Treasury in this regard.

The basis used as guidelines and on which these Financial Statements were prepared were as follows:

(a) Standards of IMFO and GAMAP approved.
(b) Budget Circulars issued by the National Treasury.
(c) The Municipal Finance Management Act.
(d) The Division of Revenue Act.

EXPLANATORY NOTES: STATEMENT OF FINANCIAL POSITION

THE TABLE BELOW SETS VARIOUS ACCOUNT BALANCES FOR EACH OF THE SUB-HEADINGS SHOWN ON THE FACE OF THE STATEMENT OF FINANCIAL POSITION:

Item		Notes
0100	Community Wealth & Liabilities	
0300	Reserves	Brought forward – Unbundling still to be done. Do not represent cash
0500	Unappropriated Surplus (Accumulated Deficit)	Funds not earmarked for any specific purposes.
0700	Non-current Liabilities	
0800	Trust Fund	Still to be unbundled–Funds for projects where applicable.
0900	Long Term Liabilities	External loans – D.B.S.A.
0910	Non-Current Provisions	Provision for bad debts
2300	Current Liabilities	
2400	Consumer Deposits	Deposits held in lieu for providing Municipal Services on credit
2500	Provisions	Provisions for expenses that will be incurred in next 12 months
2600	Creditors	Trade creditors and staff leave accrual
2700	Bank Overdraft	Negative/Unfavourable cash book balances
2800	Current portion of Long Term Liabilities	Government Loans
1200	Non-current Assets	
1300	Property, Plant & Equipment	Carrying value of Property, Plant & Equipment
1700	Current Assets	
1900	Inventory	Stores, Materials
2000	Consumer Debtors	Amounts billed to Consumers
2010	Other Debtors	Amounts owed by Debtors and other
1800	Cash/Call Investments	Short Term investments – Funds from elsewhere

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

Year end	Mun	Item	Detail	Note	2006	2005
2007	NC061	**0100**	**COMMUNITY WEALTH AND LIABILITIES**			
		0110	Community Wealth		0	0
		0600	Housing Development Fund		0	0
		0300	Reserves	26	8,074,242	7,894,021
		0500	Unappropriated Surplus/(Accumulated Deficit)	41	6,106,484	(2,042,060)
		0690	**Total Community Wealth**		**14,180,726**	**5,851,961**
		0700	Non-Current Liabilities			
		0800	Trust Fund		2,607,974	2,493,163
		0900	Long-Term Liabilities	1	3,838,122	8,241,519
		0910	Non-Current Provisions	2	44,194	0
		1000	**Total Non-Current Liabilities**		**6,490,290**	**10,734,682**
		2300	Current Liabilities			
		2400	Consumer Deposits	3	544,829	502,679
		2500	Provisions	4	303,745	651,185
		2600	Creditors	5	3,676,294	3,797,173
		2610	Conditional Grants and Receipts		0	0
		2700	Bank Overdraft	15	274,111	32,588
		2800	Current Portion of Long-Term Liabilities	1	750,601	0
		1600	**Total Current Liabilities**		**5,549,580**	**4,983,625**
		1650	**Total Net Assets and Liabilities**		**26,220,596**	**21,570,268**
		1100	**ASSETS**			
		1200	Non-Current Assets			
		1300	**Property Plant and Equipment**	**8**	**2,146,075**	**1,599,169**
		1400	Non-Current Investments		0	0
		1500	Non-Current Loans		0	21,394
		1700	Current Assets			
		2200	Current Investments		0	0
		1900	Inventory	11	652,854	709,316
		2000	Consumer Debtors	12	18,258,278	16,190,482
		2010	Other Debtors	13	1,133,849	0
		2100	Current Portion Of Long-Term Loans		0	5,407
		1800	Cash/Call Investments	14	4,029,540	3,044,500
		2150	**Total Current Assets**		**24,074,521**	**19,971,099**
		2900	**Total Non-Current Assets**		**2,146,075**	**1,599,169**
		3000	**Total Assets**		**26,220,596**	**21,570,268**

RICHTERSVELD MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2006

	Note	2006 R	2005 R
REVENUE			
Property rates	16	2,570,369	2,373,395
Property rates - penalties imposed and collection charges		187,162	125,383
Service charges	17	8,558,390	8,161,529
Rental of facilities and equipment		923,078	
Interest earned - external activities		177,473	
Interest earned - outstanding debtors		731,431	
Fines		9,668	
Licenses and permits		55,495	42,870
Government grants and subsidies	18	4,640,194	3,138,370
Other income		4,417,488	4,074,162
Public contributions, donated and contributed property, plant and equipment.		13,000	
Gains on disposal of property, plant and equipment		133,000	
Total Revenue		**22,416,748**	**17,915,709**
EXPENDITURE			
Employee related costs	20	6,778,164	6,136,373
Remuneration for councillors	21	350,585	372,614
Bad debts		641,000	
Collection costs			
Interest paid	22	231,746	1,312,457
Repairs and maintenance		639,225	705,601
Contribution to funds		1,936,235	940,283
Bulk purchases	23	2,596,421	2,524,812
Contracted services			
Grants and subsidies paid	24	1,454,668	
General expenses		3,309,153	5,741,204
Contribution to capital outlay		191,401	150,443
Total Expenditure		**18,128,598**	**17,883,787**
SURPLUS/(DEFICIT) FOR THE YEAR		**4,288,150**	**31,922**

Refer to Appendix E(1) for the comparison with the approval budget

RICHTERSVELD MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		28,466,805	
Cash paid suppliers and employees		(29,130,455)	
Cash generated from/(utilised in) operations		(663,650)	
Interest received		949	
Interest paid		(65)	
NET CASH FROM OPERATING ACTIVITIES		(662,766)	(206,999)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(485,088)	-335,177
Proceeds on disposal of property, plant and equipment		133,000	
Other			45,169
NET CASH FROM INVESTING ACTIVITIES		(352,088)	-498,007
CASH FLOWS FROM FINANCING ACTIVITIES			
Consolidated loan (new) repaid and written off		(4,001,851)	1,312,457
Increase in consumer deposits/Other		42,150	-814,450
NET CASH FROM FINANCING ACTIVITIES		(3,959,701)	-498,007
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(4,974,555)	
Cash and cash equivalents at the beginning of the year		498,007	
Cash and cash equivalents at the end of the year		(4,476,548)	

	2006 R	2005 R

1. LONG-TERM LIABILITIES

	2006 R	2005 R
Local Registered Stock Loans	0	
Annuity Loans	0	
Government Loans: Other	4,588,723	8,241,519
Sub-Total	4,588,723	8,241,519
Less: Current portion transferred to current liabilit	750,601	
Local Registered Stock Loans	0	
Annuity Loans	0	
Government Loans: Other	750,601	
Total External Loans	**3,838,122**	**8,241,519**

Refer to Appendix A for more detail on long-term liabilities.

2. NON-CURRENT PROVISIONS

	2006 R	2005 R
Provision for bad debt	44,193	
Total Non-Current Provisions	**44,193**	

The movement in the non-current provision is reconciled as follows:

	2006 R	2005 R
Balance at beginning of year	1,451,696	
Contributions to provision	641,000	
Expenditure incurred	(2,048,503)	
Increase in provision due to to discounting	0	
Transfer to current provisions	0	
Balance at end of year	**44,193**	

3. CONSUMER DEPOSITS

	2006 R	2005 R
Electricity and water	471,012	442,214
Town Hall	6,613	5,490
Elections	3,056	1,932
Tender	300	300
Buildings - waste material	62,518	51,413
Caravan Park	130	130
Rental Council property	1,200	1,200
Total	**544,829**	**502,679**

Exluded in deposits a fee of R30 admin costs for consumer deposits.

	2006 R	2005 R

4. PROVISIONS

	2006 R	2005 R
Leave Gratuity:		
Balance at the beginning of year	651,184.65	651,185.00
Contribution to provision	66,000.00	
Expenditure incurred	(413,440.12)	
Total	**303,744,53**	**651,185,00**

The contribution made was provided for in the 2005/06 budget.

5. CREDITORS

	2006 R	2005 R
Trade creditors	768,382	2,836,042
Payments received in advance		
Retentions		
Staff leave	323,097	
Other creditors	2,584,815	961,131
Total	**3,676,294**	**3,797,173**

6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2006 R	2005 R
Expanded Public Works Program	249,227	
Kuboes Vloedskade	120,120	
Namaqualand District Municipality	91,672	
FMG	422,541	259,017
Namaqualand Diamond Fund Trust	449,969	254,953
Total Conditional Grants and Receipts	**1,333,529**	**513,970**

See Note 18 for reconcilliation of grants from other spheres of government

7. V.A.T.

N/A

8. PROPERTY, PLANT AND EQUIPMENT
30 June 2006

Reconcilliation of Carrying Value	Land & Buildings	Infrastruc-ture	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2005	608,426	10,000,449	2,460,696		7,297,440	20,367,011
Correction (GAMAP)	(100,862)	(361,590)			893,111	430,659
Acquisitions		182,457	56,016		246,615	485,088
Capital under construction						
Depreciation						
Carrying value at disposals					214,000	214,000
Carrying values at 30 June 2006	507,564	9,821,316	2,516,712		8,223,166	21,068,758

The Municipality has taken advantage of the transitional provisions set out in GAMAP. The Municipality is in the process of valuation of all it's infrastructure assets. At present no depreciations has been done and the **calculation for net assets has been done on the historical costs recorded in the accounting records.** Further more the municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by June 2007.

8.1

Fixed assets	21,068,758
Loans redeemed	(18,922,683)
Nett Assets	**2,146,075**

	2006 R	2005 R
9. INVESTMENTS		
N/A		
10. LONG-TERM RECEIVABLES		
N/A		
11. INVENTORY		
Consumable stores - at cost	199,704.24	
Maintenance materials - at cost	67,817.60	
Spare parts - at realisable value	2,831.66	
Main Warehouse	270,353.50	
Ostrich stock	382,500.00	
Total inventory as per Balance Sheet	**652,853,50**	**709,316,00**
Other goods held for resale - at cost	(32,327.04)	

12.1 CONSUMER DEBTORS

Rates: Ageing	2006	2005
Current (0-30 days)	137,026.33	
31-60 Days	35,462.05	
61-90 Days	28,221.38	
91-120 Days	54,188.67	
121-365 Days	2,583,556.50	
+ 365 Days		
Total	**2,838,454.93**	

12.2 ELECTRICITY, WATER & SEWERAGE: AGEING

	2006	2005
Current (0-30 days)	486,512.08	
31-60 Days	103,434.26	
61-90 Days	92,632.87	
91-120 Days	174,561.62	
121+	3,993,626.20	
Total	**4,850,767.03**	

	2006 R	2005 R

12.3 SUMMARY OF DEBTORS BY CONSUMER CLASSIFICATION

	2006 R	2005 R
30 June 2006		
Current (0-30 days)	1,895,976.92	198,461.94
31-60 Days	311,865.21	282,971.48
61-90 Days	714,676.01	282,813.49
91+	14,904,989.23	15,790,627.39
Total	**17,827,507.37**	**16,554,874.30**

12.4 CONSUMER DEBTORS

	2006 R	2005 R
As at 30 June 2006		
Service debtors	10,569,055.62	
Rates	2,838,454.93	
Electricity	498,696.42	
Water	2,367,266.61	
Sewerage	1,984,804.00	
Total Consumer Debtors	**18,258,277.58**	

13. OTHER DEBTORS

	2006 R	2005 R
R.D. Cheques	946.79	
Sundry Debtors	216,242.12	
Attorney Schreuders	18,580.24	
Speed Point Transactions	1,805.00	
Land Sales	896,274.57	
Total	**1,133,848.72**	

14. BANK, CASH AND OVERDRTAFT BALANCES

	2006 R	2005 R
Refuse Cleanest Town	63,089.91	65,254.04
IDP daggelde	170,700.82	144,729.95
Grondwater monitering	126,056.69	170,087.93
Sizamile Groenteprojek	1,556.06	1,552.83
Sosiale Fooie	184,498.87	177,224.16
Social Plan Fund	5,020.61	4,982.23
Richters/Proj-bankrekening	12,781.38	12,611.40
Kuboes water pypleiding	17,667.54	65,623.60
Development Action	36,462.93	61,312.37
Skenkings ontvang NDFT	444,969.15	254,953.14
Grootmaat water projek (8 Myl)	111,641.34	173,418.05
MSP Water Meters	213,195.63	839,554.97
Volstruis bankrekening	0.00	0.00
Recon & Development Bank	34,665.27	38,493.73
Finance Management Grant (FMG)	422,540.64	259,017.24
Kuboes vloedskade	120,119.61	0.00

	2006 R	2005 R
EPWP Werkskepping	249,227.05	0.00
Skenkings ontvang	34,121.68	0.00
Daggeld - ENB	168,786.76	70,652.82
Daggeld - ENB	5,387.61	78,509.39
Richtersveld Meent rekening	318,018.16	110,630.19
Equity Share Bank	5,603.11	168,820.02
Ninham Shand	1,139.05	114,457.29
Verlofgratifikasie	319,222.02	232,235.07
Droogtehulp Program	0.00	0.00
Verbruikersdeposito's	203,129.15	0.00
Grondverkope	759,559.39	0.00
Cash on hand	380.00	380.00
Total Cash & Call Investment Deposits	**4,029,540.00**	**3,044,500.00**

15. BANK OVERDRAFT

Cheque Account
First National Bank - Port Nolloth Branch
Aqccount Number: 53471831653

	2006	2005
Bank Statement Balance	103,247.02	(32,588,00)
Unreconciled Items (cheques not banked)	(377,357.87)	
Cashbook Balance	**(274,110.85)**	**(32,588,00)**

16. PROPERTY RATES

	2006	2005
Actual		
Residential	2,030,713	2,559,788
Commercial	364,565	
Satellite Towns	175,090	
Total Assessment rates	**2,570,369**	**2,559,788**
Valuations		
Residential	102,360,349	95,085,099.00
Commercial	17,728,983	16,699,818.00
State		
Municipal		
Total Property Valuations	**120,089,332**	**111,784,917.00**

The last valuation came into effect on 1 July 1998. Interim valuations are processed once a year into account changes on individual property values due to alterations and subdivisions. A general rate, R0,019991 is applied to property valuations to determine assessment rates. Rebates of 20% are granted to state property owners. Rebate of 33,33% are granted to pensioner property owners. Rates are levied on an

	2006 R	2005 R

annual or monthly basis. The finale date for annual payments are 30 September 2005, for monthly payers on the 7th of every month. Interest at prima +1 is levied on outstanding rates.

17. SERVICE CHARGES

	2006 R	2005 R
Sale of Electricity	3,941,286	3,818,900
Sale of Water	2,023,578	1,975,751
Refuse Removal	1,248,125	1,148,588
Sewerage and Sanitation charges	1,345,402	1,218,290
Total	**8,558,391**	**8,161,529**

17.1 ELECTRICITY

	2006 R	2005 R
Sale of Electricity	3,650,690	3,656,229
Electricity Availibility	159,487	
Connection fee/Re-connection fees	65,103	
Free subsidized electricity	66,006	
Total	**3,941,286**	

17.2 WATER

	2006 R	2005 R
Sale of water	974,433	1,595,987
Water availibility	419,971	
Connection fee/Re-connection fees	22,318	
Free subsidized water	606,856	
Total	**2,023,578**	**1,595,987**

17.3 REFUSE REMOVAL

	2006 R	2005 R
Sales	866,580	1,148,588
Availibility charges	381,545	
Total	**1,248,125**	**1,148,588**

17.4 SEWERAGE & SANITATION CHARGES

	2006 R	2005 R
Sales	819,587	1,218,290
Availibility charges	525,815	
Total	**1,345,402**	**1,218,290**

	2006 R	2005 R

18. GOVERNMENT GRANTS AND SUBSIDIES

	2006 R	2005 R
National	3,355,810	3,138,370
District Municipality	705,248	
Provincial	579,136	
FMG	250,000	
Total	**4,640,194**	**3,138,370**

18.1 EQUITABLE SHARE

In terms of the consitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R95 (2006)

18.2 FINANCIAL MANAGEMENT GRANT

	2006 R	2005 R
Balance unspent at the beginning of the year	259,017.24	259,017,24
Current year receipts	250,000.00	
Conditions met - transferred to revenue	(110,135,50)	
Interest earned	24,204.90	
Bank charges	(546,00)	
Total	**422,540.64**	**259,017,24**

This grant is used for the training of the financial intern.

18.3 SUBSIDISED UPGRADING OF FINANCIAL SYSTEM (IT) CONTRIBUTION TOWARDS IDP

The amount of R149 508 was received from Namakwa District Municipality.

The amount of R30 000 was contributde from District Municipality towards the IDP.

18.4 EXPANDED PUBLIC WORKS PROGRAM

	2006 R	2005 R
Balance at the beginning of the year		
Current year receipts	525,740.00	525,740,00
Conditions met transferred to revenue	(279,425,02)	
Bank charges	(17,50)	
Interest earned	2,929.57	
Total	**249,227.05**	**525,740,00**

	2006 R	2005 R

18. GOVERNMENT GRANTS AND SUBSIDIES

18.5 KUBOES VLOED SKADE

	2006 R	2005 R
Balance at the beginning of the year		
Receipts from insurance	533,758.00	
Claimed back by insurance	(533,758,00)	
Receipts from Government	297,649.81	
Interest earned	7,718.37	
Bank charges	(3,50)	
Conditions met transferred to revenue	(185,245,07)	
Total	**120,119.61**	

19. OTHER INCOME

No information

20. EMPLOYEE RELATED COSTS

	2006 R	2005 R
Employee related costs - Salaries and Wages	5,299,400	6,136,373
Employee related costs - Contributions for UIF, pe and Medical aids Bargaining Council	947,892	
Travel, motor car, accommodation, subsistance & allowance	121,705	
Housing benefits and allowance	37,826	
Overtime payments	324,935	
Performance bonus		
Long-service awards		
Compensation Insurance and safety clothing	46,406	
Total	**6,778,164**	**6,136,373**

21. REMUNERATION OF COUNCILLORS

	2006 R	2005 R
Executive Mayor & Speaker	133,543	149,945
Councillors	210,825	206,508
Councillors Pension contribution	6,217	16,161
Total Councillors Remuneration	**350,585**	**372,614**

In-kind Benefits
The Mayor/Speaker is fulltime and is provided with an office and secretarial support at the cost of the Council.

	2006 R	2005 R
Remuneration of the Municipal Manager (J.G. Cloete)		
Annual Remuneration	187,618	167,464
Other	23,175	22,003
Car Allowance	83,522	83,022
Contributions to UIF, Medical Aid & Pension Fun	54,595	53,932
Total	**348,910**	**326,421**
Remuneration of the Finance Officer (W.H. Geldenhuys)		
Annual Remuneration	143,424	135,305
Other	11,952	11,275
Car Allowance	38,183	37,156
Contributions to UIF, Medical Aid & Pension Fun	47,999	42,548
Total	**241,558**	226,284

22. INTEREST PAID

	2006 R	2005 R
Long term liabilities	231,746	
Total Interest paid	**231,746**	

23. BULK PURCHASES

	2006 R	2005 R
Electricity	2,166,517.00	2,035,311.00
Water	429,904.00	489,501.00
Total	**2,596,421.00**	2,524,812.00

24. GRANT SUBSIDIES PAID

	2006 R	2005 R
Indigent discount	806,974	
Free basic services Water	532,330	
Free basic services Electricity	115,364	
Total	**1,454,668**	

25. GENERAL EXPENSES

N/A

	2006 R	2005 R

26. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

26.1 STATUTORY FUNDS

	2006 R	2005 R
No adjustments, as a result of the implementation of GAMAP, were made to the Statutory Funds. These adjustments will be made in 2006/07 AFS.	8,074,242	7,894,021

26.2 PROVISION AND RESERVES

No adjustments, as a result of the implementation of GAMAP, were made to the Provision & reserves. These adjustments will be made in 2006/07 AFS.

26.3 INVENTORY

	2006 R	2005 R
Balance previously reported	326,816.00	
Implementation of GAMAP	(25,768.65)	
(Transferred to accumulated surplus/deficit)		
Inventory held for sale	(32,327.04)	
Total	**268,720.31**	

26.4 NON-CURRENT PROVISIONS

No adjustments, as a result of the implementation of GAMAP, were made to the Non-current Provisions.

26.5 PROPERTY, PLANT AND EQUIPMENT

	2006 R	2005 R
Balance previously reported	20,367,012.00	
Implementation of GAMAP	430,659.00	
(Transferred to Accumulated Surplus/(Deficit)		
Total	**20,797,670.00**	**20,030,835.00**

26.6 ACCUMULATED DEPRECIATION

Depreciation implementation of GAMAP has not been done yet and the municipality are in the process of setting up the necessary accounts for backlog depreciation.

	2006 R	2005 R
26.7 ACCUMULATED SURPLUS/DEFICIT IMPLMENTATION OF GAMAP		
Adjustments to inventory	(58,095.69)	
Property, Plant & Equipment previously not recorded/does not exist anymore (Transferred to Accumulated Surplus/(Deficit)	430,659.00	
Total	**372563,31**	

27. CORRECTION OF ERROR

No information

28. CASH GENERATED BY OPERATIONS

No information

29. CASH AND CASH EQUIVALENTS

No information

30. UTILIZATION OF LONG-TERM LIABILITIES

No information

31. FRUITLESS AND WASTEFUL EXPENDITURE

31.1 Me. F. Barbery - Intern - Employee number 8529 - Breach of contract

32. ADDITIONAL DISCLOSURE IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

32.7 Non-compliance with chapter 11 of the Municipal Finance Management Act

The Municipality has not accepted a Supply Chain Management Policy as yet

33. CAPITAL COMMITMENTS

No information

34. RETIREMENT BENEFIT INFORMATION

No information

CONTINGENT LIABILITIES

35. CLAIMS

35.1 Claim against Council regarding a land issue, and in particular Erf 3296 - Mr. L. Phillips - File 26/3296 -

R317 122,40 appoximately - Attorney M. Madeleyn Inc. - Ph (022) 715 1114/8

35.2 Chaim against Council - R27 500 000,00 - Regarding a Court Case pending - Case no. 5424/2002 - Attorney C. van Breda - Phone no. (021) 419 3622 - Fax no. (021) 418 1329 - Legal costs R75 380,12 - Cheque 26356 - 29 June 2006 and R49 877,21 - Cheque 26484 - 27 July 2006 - See item 3.7 (a) Audit repo Sightfull 1235CC

35.3 Monies paid to Municipal Manager and still owed - See cheque 25841 dated 03/04/06 - Financial year 2003/2004 - R8 412,80 - 2004/2005 - R9 578,99 minus tax - Still owed 2002/2003 - R24 159,33 minus R1 734,60 - 2001/2002 - minus tax

36. CONTINGENT ASSETS

N/A

37. IN KIND DONATIONS AND ASSISTANCE

N/A

38. EVENTS AFTER THE REPORTING DATE

38.1 Claim for legal fees - Deposit of R250 000,00 in advance - Attorney C. van Breda - Phone nr. (021) 419 3622 - Fax nr. (021) 418 1329 - Case nr. 5424/02 - Pending Court Case

38.2 Lost of income since 2001 - Municipal Residence - Estimated loss of income plus minus R2 500,00 per month or R30 000,00 per annum

39. COMPARISON WITH BUDGET

See Annexure E (1) and D

40. ADDITIONAL NOTES TO AFS 2005/2006

40.1 Choice Decisions - Audit report 30 June 2005 - Par. 5.10 (f)

40.2 Interfocus Investments - Audit report Par. 5.10 (f) - 30 June 2005

40.3 Country Club - Audit report - 30 June 2005 - Par. 5.10 (f)

40.4 FAMDA - Sec 21 Company - Par. 5.10 (f) - Audit report - 30 June 2005 - Council Resolution 158/06/04 - 202/09/04 - Marine Culture Development

40.5 Municipal Manager involvement in twenty eight (28) businesses - Audit report - 30 June 2005 - Par. 5.10 (o) No Annual Financial Statements were received

40.6 Matters for public interest - Par. 5.11 (b) - Audit report - 30 June 2005 - Representation on twenty-six (26) companies - Fishing

40.7 Richtersveld Company for Sustainable Development - Est. 17 June 2003 - Audit report - 30 June 2005 - Par. 5.11 (c) No Annual Financial Statements were received

40.8 Kai-Kai Project - Par. 5.11 (d) - Audit report - 30 June 2005 - No Annual Financial Statements were received

41. UNAPPROPRIATED SURPLUS/DEFICIT

Deficit at the beginning of the year	-2042060
Appropriations during the year inclusive DBSA	3860395
Surplus at the end of the year	4288150
Unappropriated Surplus/Deficit at the end of the year	6106484

Appendix A

RICHTERSVELD MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2006

LONG TERM LOANS	Balance at 30/06/05	Received during the period	Redeemed written off during the period	Balance at 30/06/06	Carrying Value of Property, Plant & Equip.	Other Costs in accordance with the MFMA
Consolidation and rescheduling Loan Agreement 25/11/2005 DBSA Fixed interest rate 10% per annum Project number 101910 Addendum to the loan agreement Dec. 2005	8,241,522	349,052 (interest)	3,626,405 (written off) 375,446 (redeemed)	4,588,723	2,578,885	

APPENDIX B

RICHTERSVELD MUNICIPALITY: ANALYSIS OF PROPERTY,PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	Cost/ Revaluation				
INFRASTRUCTURE	**OPENING Balance**	**ADDITIONS**	**UNDER Construction**	**DISPOSALS**	**CLOSING Balance**
ELECTRICITY SUBSTATION	2,140				2,140
ELECTRICITY SUPPLY/RETICULATION	2,828,433	116,247			2,944,680
STREET LIGHTING	915,782				915,782
PURIFICATION WORKS	513,235	66,210			579,445
WATER SUPPLY/RETICULATION	2,316,814				2,316,814
ROADS	2,602,739				2,602,739
TESTING STATION	305,858				305,858
DOCUMENTS/CHARTS	53,858				53,858
RESERVOIRS & TANKS	100,000				100,000
TOTAL	**9,638,859**	**182,457**			**9,821,316**
COMMUNITY ASSETS					
ABULANCE GARAGE	85,113				85,113
BEACH DEVELOPMENTS	1,091,757				1,091,757
CARE CENTRES	30,729				30,729
CEMETERIES	46,976				46,976
CLINICS/HOSPITALS	15,000				15,000
LIBRARIES	252,120				252,120
PARKS	105,600				105,600
STADIUMS	833,401				833,401
TRASH PUMPS	0	56,016			56,016
TOTAL	**2,460,696**	**56,016**			**2,516,712**
TOTAL CARRIED FORWARD	**12,099,555**	**238,473**	**0**	**0**	**12,338,028**

APPENDIX B

RICHTERSVELD MUNICIPALITY: ANALYSIS OF PROPERTY,PLANT AND EQUIPMENT AS AT 30 JUNE 2005

TOTAL BROUGHT FORWARD	12099555	238473	0	0	12338028
		Cost/ Revaluation			
	OPENING Balance	**ADDITIONS**	**UNDER Construction**	**DISPOSALS**	**CLOSING Balance**
LAND AND BUILDINGS					
HOUSES OFFICIALS	166,041				166,041
UNDEVELOPED LAND	341,523				341,523
TOTAL	**507,564**				**507,564**
OTHER ASSETS					
EQUIPMENT	519,809	21,103			540,912
CARAVAN PARKS	1,302,460				1,302,460
HOUSING SCHEMES	462,062				462,062
TOWNHALL & OFFICES	692,905				692,905
WORKSHOP DEPOT	181,703				181,703
OFFICE EQUIPMENT	934,600	223,134			1,157,734
FURNITURE & FITTINGS	1,453,891	2,378			1,456,269
TELECOMMUNICATIONS EQUIPMENT	204,672				204,672
REFUSE BINS	2,278				2,278
TRUCKS AND BAKKIES	2,031,919			-214,000	1,817,919
GRADERS	29,602				29,602
TRACTORS	120,000				120,000
COMPRESSORS	220,000				220,000
RADIO EQUIPMENT	34,650				34,650
TOTAL	**8,190,551**	**246,615**		**-214,000**	**8,223,166**
TOTAL	**20,797,670**	**485,088**		**-214,000**	**21,068,758**

Appendix C

RICHTERSVELD MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
30 JUNE 2006

	Cost				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance
Executive Council	507,564				507,564
Finance & Admin	1,234,324				1,234,324
Planning & Development					
Health	85,113				85,113
Community & Social Services	1,017,965	56,016			1,073,981
Roads (Other)	2,602,740				2,602,740
Sport & Recreation	3,227,618				3,227,618
Waste Management	513,235	66,210			579,445
Road Transport	2,187,522				2,187,522
Water	2,416,814				2,416,814
Electricity	3,746,355	116,247			3,862,602
Other	3,258,420	246,615		(241,000)	3,291,035
TOTAL	**20,797,670**	**485,088**		**(214,000)**	**21,068,758**

At present the Richtersveld Municipality have not done an Accumulated Depreciation of it's Property, Plant & Equipment.

Appendix D
Richtersveld Municipality: Segmental Statement of Financial Performance for the year ended 30 June 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R
438,582	1,327,476	(888,894)	Council and General	298,599	1,868,299	(1,569,700)
5,708,286	4,777,066	931,220	Administration	9,605,828	6,264,477	3,341,352
2,373,395	163,611	2,209,784	Assessment Rates	2,571,402	163,107	2,408,295
3,327	119,901	(116,574)	Library	4,930	229,455	(224,525)
6,165	7,587	(1,422)	Property and Land	5,277	8,645	(3,368)
223,245	96,029	127,216	Office and Property	186,340	45,402	140,938
0	7,851	(7,851)	Museum	0	10,912	(10,912)
0	445,372	(445,372)	Workshop	0	482,128	(482,128)
546,285	817,983	(271,698)	Parks & Recreational Resorts	637,024	908,723	(271,699)
185,178	96,318	88,860	Health	187,375	125,241	62,134
42,870	115,792	(72,922)	Vehicle Testing	55,495	82,471	(26,976)
1,148,588	729,775	418,813	Refuse	1,248,125	368,125	880,000
1,218,290	924,127	294,163	Sewerage	1,346,258	703,479	642,779
70,808	3,197,079	(3,126,271)	Roads	31,663	2,097,649	(2,065,986)
6,736	2,724	4,012	Grave Yard	9,629	2,670	6,959
149,304	110,434	38,871	Commonage	263,939	134	263,805
0	25,613	(25613)	Fire Brigade		52,923	(52,923)
3,818,900	3,414,106	404,793	Electricity	3,941,286	3,316,719	624,567
1,975,751	1,504,944	470,807	Water Works	2,023,578	1,398,041	625,537
17,915,709	**17,883,787**	**31,922**	**Total**	**22,416,748**	**18,128,598**	**4,288,150**

The account numbers of Richtersveld Municipality has not been set up as yet, to produce the different categories as required by the Specimen Statements for meduim sized municipalities. We therefore submit the segmentations set up on our financial system.

APPENDIX E(1)

RICHTERSVELD MUNICIPALITY: ACTUAL BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

REVENUE	2006 Actual (R)	2006 Budget (R)	2006 Variance (R)	2006 Variance (%)	Explanation of Significant Variances greater than 19% versus Budget
Property rates	2,570,369	4,639,797	(2,069,428)	45	Annual debits plus arrears exspectation
Property rates - penalties imposed and collection charges	187,162	186,633	529	0.28	Normal
Service charges	8,558,390	7,904,186	654,204	8.27	Unexpected
Rental of facilities and equipment	923,078	813,104	109,974	13.53	Unexpected
Interest earned - external activities	177,473	6,000	171,473	2857.89	Unexpected
Interest earned - outstanding debtors	731,431	846,500	(115,069)	13.60	Debtors do not pay
Fines	9,668	4,000	5,668	141.70	Unexpected
Licenses and permits	55,495	45,000	10,495	23.32	Unexpected
Government grants and subsidies	4,640,194	3,106,809	1,533,385	49.35	Grants received unexpected
Other income	4,417,488	5,211,363	(793,875)	15.23	Unexpected
Public contributions, donated/contributed	13,000		13,000	100	Unexpected
Gains on disposal of property, plant and equipment	133,000	1,000	132,000	13200	Unexpected
Total Revenue	22,416,748	22,764,392	347,644	1.52	Normal
EXPENDITURE					
Employee related costs	6,778,164	7,097,827	319,663	4.50	Staff vacancies
Remuneration for councillors	350,585	400,000	49,415	12.35	Unexpected
Bad debts	641,000	641,000		0	
Collection costs					
Interest paid	231,746	902,236	670,490	74.31	DBSA Loans not paid
Repairs and maintenance	639,225	1,066,463	427,238	-40	Cashflow problem
Contribution to funds	1,936,235	658,446	(1,277,789)	194.06	Funds from Government/Elsewhere
Bulk purchases	2,596,421	3,229,573	633,152	-20	Unexpected
Contracted services					
Grants and subsidies paid	1,454,668	1,225,000	(229,668)	19	Unexpected
General expenses	3,309,153	5,071,751	1,762,598	-35	Cashflow problem
Contribution to capital outlay	191,401	2,444,400	2,252,999	-93	Cashflow problem
Total Expenditure	18,128,598	22,736,696	4,608,098	-21	
SURPLUS/(DEFICIT) FOR THE YEAR	4,288,150	27,696	4,260,454	15382.92	

RICHTERSEVELD MUNICIPALITY: ACTUAL VERSUS BUDGET(ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) YEAR ENDED 30 JUN 2006

	2006 ACTUAL	2006 UNDER CONSTRUCTI	2006 TOTAL ADDITIONS	2006 BUDGET	2006 VARIANCE AMOUNT	2006 VARIANCE PERCENT	EXPLANATIONS OF SIGNIFICANT VARIANCES GREATER THAN 5% VERSUS BUDGET
	R	R	R	R	R	%	(Explanations to be recorded)
EXECUTIVE &COUNCIL							
FINANCE & ADMIN							
PLANNING & DEVELOPMENT							
HEALTH							
COMMUNITY & SOCIAL SERVICES	56,016.00		56,016.00	100,000.00	43,984.00	-44%	Cashflow Problem
PUBLIC SAFETY							
SPORT & RECREATION							
ENVIRONMENTAL PROTECTION							
WASTE MANAGEMENT	66,210.00		66,210.00	234,000.00	167,790.00	-72%	Cashflow Problem
ROAD TRANSPORT							
WATER							
ELECTRICITY	116,247.00		116,247.00	132,521.77	16,274.58	14%	Difference is V A T
OTHER	246,615.00		246,615.00				Capital Budget (69174.52)
							Transitional Grant and Trustfunds-no Budgets
GRAND TOTAL	**485,088.00**		**485,088.00**	**466,521.77**	**228,048.58**	**48,88%**	

APPENDIX F

GRANT AND SUBSIDIES RECEICED NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTERLY RECEIPTS				QUARTERLY EXPENDITURE				GRANTS AND SUBSIDI DELAYED/WITHHELD				REASON FOR DELAY/ WITHHOLDING	COMPLY WITH GRANT conditions (rev act)	REASON FOR NON compliance
		Sept	Dec	March	Jun	Sept	Dec	March	Jun	Sept	Dec	March	Jun		yes/no	
FINANCE MANAGEMENT GRANT	PROVINCE	250,000		0	0	12,189	14,139	22,855	15,968						yes	
NAMAKWA DISTRICT MUNICIPALITY	REGION															
SUSIDY -UPGRADING OF FINANCE																
SYSTEM(I T) PROMUN		149,505														
SUBSIDY E MAIL		35,380													YES	
CINTRIBUTION TOWARDS IDP		30,000													YES	
SUBSIDY E MAIL	REGION	10,000														
EXPANDED PUBLIC WORKS PROGRAM	PROVINCE			303,940	221,800			190,810	88,615						YES	
KUBOES VLOEDSKADE	PROVINCE			297,650				147,650	37,599						YES	
533758 RECEIVED FROM INSURANCE																
AND PAID BACK TO INSURANCE																
(INCORRECT ENTRY)																
TOTAL		474,885		601,590	221,800	12,189	14,139	361,315	142,182						YES	

RICHTERSVELD MUNICIPALITY
STATISTICAL INFORMATION

a) General Statistics

i) Population

2006	2005	2004	2003
14,600	14,000	14,000	14,000

ii) Valuation of property taxable

Date of valuation 01/10/1998

2006	2005	2004	2003
120,089,332	115,281,732	114,673,787	113,197,762

Valuation of property non taxable

Date of valuation 01/10/1998

2006	2005	2004	2003
14,659,324	8,888,424	8,927,924	9,117,424

iii) Valuation of residential property

2006	2005	2004	2003
102,360,349	98,357,414	97,796,969	96,391,999

Valuation of commercial property

2006	2005	2004	2003
17,728,983	16,924,318	16,876,818	16,805,763

iv) Number of residential properties

2006	2005	2004	2003
2,593	2,360	2,360	2,357

'Number of commercial properties

2006	2005	2004	2003
146	138	136	131

v) Assessment rates : Cent in the Rand

2006	2005	2004	2003
0.021390	0.019991	0.018701	0.015881

vi) Number of employees

2006	2005	2004	2003
104	87	87	88

b) Electricity Statistics

i) Number of users

2006	2005	2004	2003
1,564	1,559	1,548	1,538

ii) Units bought

2006	2005	2004	2003
9,708,670	9,622,873	9,402,156	9,113,036

iii) Units sold

2006	2005	2004	2003
7,441,742 C	7,483,735 C	7,653,393 C	8,263,431 C
1,704,813 Pre	1,481,529 Pre	1,217,565 Pre	1,007,921 Pre

iv) Units lost in distribution

2006	2005	2004	2003
562,115	657,609	531,198	463,567

v) Units lost percentage of (ii)

2006	2005	2004	2003
6,14%	7,32%	5,65%	5.00%

vi) Cost per unit bought

2006	2005	2004	2003
0.1151	0.0793	0.1013	0.0833
0.0793			

vii) Loss in distribution

2006	2005	2004	2003
212,104	160,259	53,810	140,878

viii) Cost per unit sold

2006	2005	2004	2003
0.3300 (R)	0.3230 (R)	0.3130 (R)	0.3039 (R)
0.3620 (B)	0.3620 (B)	0.3500 (B)	0.3474 (B)
0.4400 Pre	0.4220 Pre	0.4081 Pre	0.4081 Pre
0.2600 Bulk	0.2500 Bulk	0.2425 Bulk	0.2425 Bulk
0.2200 -	0.2170 -	0.2103 -	0.2003 -

ix) Income per unit sold

2006	2005	2004	2003
0.2328 (R)	0.2437 (R)	0.2117 (R)	0.2206 (R)
0.2648 (B)	0.2469 (B)	0.2487 (B)	0.2641 (B)

RICHTERSVELD MUNICIPALITY

c) Water Statistics

i) Number of users

2006	2005	2004	2003
1,937	1,904	1,873	1,870

ii) Units bought

2006	2005	2004	2003
362,880	379,320	419,150	390,327

iii) Units sold

2006		2005		2004		2003	
210,874	C	535261	C	227468	C		C
15,286	Pre	35,411	Pre	17,575	Pre	385,872	Pre

iv) Units lost in distribution

2006	2005	2004	2003
136,720	171,201	174,107	4,455

v) Units lost percentage of (ii)

2006	2005	2004	2003
37,67%	30.00%	41,54%	1,14%

vi) Cost per unit bought

2006	2005	2004	2003
1.1847	1.1847	1.3082	1.0770

vii) Loss in distribution

2006	2005	2004	2003
161,972	202,821	174,108	4,798

viii) Cost per unit sold

2006		2005		2004		2003	
4.70	(R)	4.40	(R)	4.08	(R)	3.71	(R)
5.02	(R)	4.70	(R)	4.36	(R)	3.97	(R)
5.38	(R)	5.03	(R)	4.66	(R)	4.24	(R)
5.72	(B)	5.35	(B)	4.96	(B)	4.51	(B)
6.04	(B)	5.65	(B)	5.24	(B)	4.77	(B)
5.36	Pre	5.01	Pre	4.64	Pre	None	Pre
5.72	Pre	5.35	Pre	4.96	Pre	None	Pre
6.32	Pre	5.91	Pre	5.48	Pre	None	Pre

ix) Income per unit sold

2006		2005		2004		2003	
3.515	(R)	3.215	(R)	2.771	(R)	2.633	(R)
3.835	(R)	3.515	(R)	3.051	(R)	2.893	(R)
4.195	(R)	3.845	(R)	3.351	(R)	3.163	(R)
4.535	(B)	4.165	(B)	3.651	(B)	3.433	(B)
4.855	(B)	4.465	(B)	3.931	(B)	3.693	(B)
4.175	Pre	3.825	Pre	3.332	Pre	None	Pre
4.535	Pre	4.165	Pre	3.652	Pre	None	Pre
5.135	Pre	4.725	Pre	4.172	Pre	None	Pre